

Sufficiency of Consumer Protection Provisions in HB 509

The major piece of electric industry legislation enacted during the last session was HB 509. The Subcommittee on Electric Industry Structure makes the following recommendations regarding the sufficiency of the consumer protection provisions contained in HB 509 for consideration by the Task Force as a whole:

1. **Customer choice provisions should be reaffirmed:** Customers who elect to receive electricity supply service from a competitive electricity provider should be allowed to do so under the reasonable constraints imposed by HB 509.
2. **Consumer protection for default supply should be reaffirmed:** HB 509 requires that the Public Service Commission (PSC) adopt rules and establish rates and fees to enable customers to have reasonable opportunities to choose an electricity supplier while providing protection for small customers from higher or more unstable rates than would otherwise result if customer choice were not offered.
3. **No exceptions to consumer protection provisions:** There should be no exceptions to the “no-harm” provisions contained in HB 509. No public or private entity, industrial or smaller customer should be able to avoid the “no-harm” provisions of HB 509. Additionally, the formation of a public utility, either municipal or cooperative, should not form a basis for avoiding the consumer protections envisioned in HB 509.
4. **Transparency of rules:** “No-harm” provisions should be transparent and well defined. To the extent the current provisions contained in HB 509 are not fully transparent, legislation should be developed to make those provisions transparent and universally applicable to all customers and/or entities consistent with the recommendations regarding customer choice and consumer protection.
5. **Customer obligations:** All customers, including those created through alternative utilities, including municipalization, should be responsible for any stranded costs or competitive transition charges for which the customers would have otherwise be obligated absent the creation of an alternative utility.
6. **Legislative solutions:** The Task Force should recommend that the Legislative Interim Committee on Energy and Telecommunications develop legislation needed to address the issues outlined above.

The subcommittee recognizes that there is a potential gap in consumer protection in the event that a municipality creates a municipal electric utility. It remains unclear whether similar gaps are present in the event a cooperative utility were to form and acquire a portion of the default supply customers. That issue needs to be explored further.